



Rep. Michael J. Madigan

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09500HB3755ham001

LRB095 07746 AMC 37924 a

1 AMENDMENT TO HOUSE BILL 3755

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3755 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The General Obligation Bond Act is amended by  
5 changing Sections 2, 7.2, and 9 as follows:

6 (30 ILCS 330/2) (from Ch. 127, par. 652)

7 Sec. 2. Authorization for Bonds. The State of Illinois is  
8 authorized to issue, sell and provide for the retirement of  
9 General Obligation Bonds of the State of Illinois for the  
10 categories and specific purposes expressed in Sections 2  
11 through 8 of this Act, in the total amount of \$43,658,149,369  
12 ~~\$27,658,149,369~~.

13 The bonds authorized in this Section 2 and in Section 16 of  
14 this Act are herein called "Bonds".

15 Of the total amount of Bonds authorized in this Act, up to  
16 \$2,200,000,000 in aggregate original principal amount may be

1 issued and sold in accordance with the Baccalaureate Savings  
2 Act in the form of General Obligation College Savings Bonds.

3 Of the total amount of Bonds authorized in this Act, up to  
4 \$300,000,000 in aggregate original principal amount may be  
5 issued and sold in accordance with the Retirement Savings Act  
6 in the form of General Obligation Retirement Savings Bonds.

7 Of the total amount of Bonds authorized in this Act, the  
8 additional \$10,000,000,000 authorized by Public Act 93-2 and  
9 the \$16,000,000,000 authorized by this amendatory Act of the  
10 95th General Assembly ~~this amendatory Act of the 93rd General~~  
11 ~~Assembly~~ shall be used solely as provided in Section 7.2.

12 The issuance and sale of Bonds pursuant to the General  
13 Obligation Bond Act is an economical and efficient method of  
14 financing the long-term capital needs of the State. This Act  
15 will permit the issuance of a multi-purpose General Obligation  
16 Bond with uniform terms and features. This will not only lower  
17 the cost of registration but also reduce the overall cost of  
18 issuing debt by improving the marketability of Illinois General  
19 Obligation Bonds.

20 (Source: P.A. 92-13, eff. 6-22-01; 92-596, eff. 6-28-02;  
21 92-598, eff. 6-28-02; 93-2, eff. 4-7-03; 93-839, eff. 7-30-04.)

22 (30 ILCS 330/7.2)

23 Sec. 7.2. State pension funding.

24 (a) The amount of \$10,000,000,000 is authorized to be used  
25 for the purpose of making contributions to the designated

1 retirement systems. For the purposes of this Section,  
2 "designated retirement systems" means the State Employees'  
3 Retirement System of Illinois; the Teachers' Retirement System  
4 of the State of Illinois; the State Universities Retirement  
5 System; the Judges Retirement System of Illinois; and the  
6 General Assembly Retirement System.

7 The amount of \$16,000,000,000 is authorized to be used for  
8 the purpose of making contributions to the designated  
9 retirement systems.

10 (b) The Pension Contribution Fund is created as a special  
11 fund in the State Treasury.

12 The proceeds of the additional \$10,000,000,000 of Bonds  
13 authorized by this amendatory Act of the 93rd General Assembly,  
14 less the amounts authorized in the Bond Sale Order to be  
15 deposited directly into the capitalized interest account of the  
16 General Obligation Bond Retirement and Interest Fund or  
17 otherwise directly paid out for bond sale expenses under  
18 Section 8, shall be deposited into the Pension Contribution  
19 Fund and used as provided in this Section.

20 The proceeds of the additional \$16,000,000,000 of bonds  
21 authorized by this amendatory Act of the 95th General Assembly,  
22 less the amounts directly paid out for bond sale expenses under  
23 Section 8, shall be deposited into the Pension Contribution  
24 Fund and used as provided in this Section.

25 (c) Of the amount of Bond proceeds from the bond sale  
26 authorized by Public Act 93-2 first deposited into the Pension

1 Contribution Fund, there shall be reserved for transfers under  
2 this subsection the sum of \$300,000,000, representing the  
3 required State contributions to the designated retirement  
4 systems for the last quarter of State fiscal year 2003, plus  
5 the sum of \$1,860,000,000, representing the required State  
6 contributions to the designated retirement systems for State  
7 fiscal year 2004.

8 Upon the deposit of sufficient moneys from the bond sale  
9 authorized by Public Act 93-2 into the Pension Contribution  
10 Fund, the Comptroller and Treasurer shall immediately transfer  
11 the sum of \$300,000,000 from the Pension Contribution Fund to  
12 the General Revenue Fund.

13 Whenever any payment of required State contributions for  
14 State fiscal year 2004 is made to one of the designated  
15 retirement systems, the Comptroller and Treasurer shall, as  
16 soon as practicable, transfer from the Pension Contribution  
17 Fund to the General Revenue Fund an amount equal to the amount  
18 of that payment to the designated retirement system. Beginning  
19 on the effective date of this amendatory Act of the 93rd  
20 General Assembly, the transfers from the Pension Contribution  
21 Fund to the General Revenue Fund shall be suspended until June  
22 30, 2004, and the remaining balance in the Pension Contribution  
23 Fund shall be transferred directly to the designated retirement  
24 systems as provided in Section 6z-61 of the State Finance Act.  
25 On and after July 1, 2004, in the event that any amount is on  
26 deposit in the Pension Contribution Fund from time to time, the

1 Comptroller and Treasurer shall continue to make such transfers  
2 based on fiscal year 2005 payments until the entire amount on  
3 deposit has been transferred.

4 (d) All amounts deposited into the Pension Contribution  
5 Fund, other than the amounts reserved for the transfers under  
6 subsection (c), shall be appropriated to the designated  
7 retirement systems to reduce their actuarial reserve  
8 deficiencies. The amount of the appropriation to each  
9 designated retirement system shall constitute a portion of the  
10 total appropriation under this subsection that is the same as  
11 that retirement system's portion of the total actuarial reserve  
12 deficiency of the systems, as most recently determined by the  
13 Governor's Office of Management and Budget under Section 8.12  
14 of the State Finance Act.

15 Within 15 days after any Bond proceeds in excess of the  
16 amounts initially reserved under subsection (c) from the bond  
17 sale authorized by Public Act 93-2 are deposited into the  
18 Pension Contribution Fund, the Governor's Office of Management  
19 and Budget shall (i) allocate those proceeds among the  
20 designated retirement systems in proportion to their  
21 respective actuarial reserve deficiencies, as most recently  
22 determined under Section 8.12 of the State Finance Act, and  
23 (ii) certify those allocations to the designated retirement  
24 systems and the Comptroller.

25 Upon receiving certification of an allocation under this  
26 subsection, a designated retirement system shall submit to the

1 Comptroller a voucher for the amount of its allocation. The  
2 voucher shall be paid out of the amount appropriated to that  
3 designated retirement system from the Pension Contribution  
4 Fund pursuant to this subsection.

5 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04.)

6 (30 ILCS 330/9) (from Ch. 127, par. 659)

7 Sec. 9. Conditions for Issuance and Sale of Bonds -  
8 Requirements for Bonds.

9 (a) Except as otherwise provided in this subsection, Bonds  
10 shall be issued and sold from time to time, in one or more  
11 series, in such amounts and at such prices as may be directed  
12 by the Governor, upon recommendation by the Director of the  
13 Governor's Office of Management and Budget. Bonds shall be in  
14 such form (either coupon, registered or book entry), in such  
15 denominations, payable within 25 years from their date, subject  
16 to such terms of redemption with or without premium, bear  
17 interest payable at such times and at such fixed or variable  
18 rate or rates, and be dated as shall be fixed and determined by  
19 the Director of the Governor's Office of Management and Budget  
20 in the order authorizing the issuance and sale of any series of  
21 Bonds, which order shall be approved by the Governor and is  
22 herein called a "Bond Sale Order"; provided however, that  
23 interest payable at fixed or variable rates shall not exceed  
24 that permitted in the Bond Authorization Act, as now or  
25 hereafter amended. Bonds shall be payable at such place or

1 places, within or without the State of Illinois, and may be  
2 made registrable as to either principal or as to both principal  
3 and interest, as shall be specified in the Bond Sale Order.  
4 Bonds authorized by this amendatory Act of the 95th General  
5 Assembly may be denominated in and payable in a currency other  
6 than United States dollars and may be payable at locations  
7 outside of the United States. Bonds may be callable or subject  
8 to purchase and retirement or tender and remarketing as fixed  
9 and determined in the Bond Sale Order. Bonds must be issued  
10 with principal or mandatory redemption amounts in equal  
11 amounts, with the first maturity issued occurring within the  
12 fiscal year in which the Bonds are issued or within the next  
13 succeeding fiscal year, with Bonds issued maturing or subject  
14 to mandatory redemption each fiscal year thereafter up to 25  
15 years. However, the term of the bonds authorized by this  
16 amendatory Act of the 95th General Assembly may not exceed 30  
17 years, with payment of principal beginning in the first State  
18 fiscal year following the fiscal year of issuance and including  
19 periodic increases in principal payments thereafter, and the  
20 manner of sale shall be as provided in the Bond Sale Order.

21 In the case of any series of Bonds bearing interest at a  
22 variable interest rate ("Variable Rate Bonds"), in lieu of  
23 determining the rate or rates at which such series of Variable  
24 Rate Bonds shall bear interest and the price or prices at which  
25 such Variable Rate Bonds shall be initially sold or remarketed  
26 (in the event of purchase and subsequent resale), the Bond Sale

1 Order may provide that such interest rates and prices may vary  
2 from time to time depending on criteria established in such  
3 Bond Sale Order, which criteria may include, without  
4 limitation, references to indices or variations in interest  
5 rates as may, in the judgment of a remarketing agent, be  
6 necessary to cause Variable Rate Bonds of such series to be  
7 remarketable from time to time at a price equal to their  
8 principal amount, and may provide for appointment of a bank,  
9 trust company, investment bank, or other financial institution  
10 to serve as remarketing agent in that connection. The Bond Sale  
11 Order may provide that alternative interest rates or provisions  
12 for establishing alternative interest rates, different  
13 security or claim priorities, or different call or amortization  
14 provisions will apply during such times as Variable Rate Bonds  
15 of any series are held by a person providing credit or  
16 liquidity enhancement arrangements for such Bonds as  
17 authorized in subsection (b) of this Section. The Bond Sale  
18 Order may also provide for such variable interest rates to be  
19 established pursuant to a process generally known as an auction  
20 rate process and may provide for appointment of one or more  
21 financial institutions to serve as auction agents and  
22 broker-dealers in connection with the establishment of such  
23 interest rates and the sale and remarketing of such Bonds.

24 (b) In connection with the issuance of any series of Bonds,  
25 the State may enter into arrangements to provide additional  
26 security and liquidity for such Bonds, including, without

1 limitation, bond or interest rate insurance or letters of  
2 credit, lines of credit, bond purchase contracts, or other  
3 arrangements whereby funds are made available to retire or  
4 purchase Bonds, thereby assuring the ability of owners of the  
5 Bonds to sell or redeem their Bonds. The State may enter into  
6 contracts and may agree to pay fees to persons providing such  
7 arrangements, but only under circumstances where the Director  
8 of the Governor's Office of Management and Budget certifies  
9 that he or she reasonably expects the total interest paid or to  
10 be paid on the Bonds, together with the fees for the  
11 arrangements (being treated as if interest), would not, taken  
12 together, cause the Bonds to bear interest, calculated to their  
13 stated maturity, at a rate in excess of the rate that the Bonds  
14 would bear in the absence of such arrangements.

15 The State may, with respect to Bonds issued or anticipated  
16 to be issued, participate in and enter into arrangements with  
17 respect to interest rate protection or exchange agreements,  
18 guarantees, or financial futures contracts for the purpose of  
19 limiting, reducing, or managing interest rate exposure. With  
20 respect to bonds authorized by this amendatory Act of the 95th  
21 General Assembly, such arrangements may include agreements or  
22 contracts entered into for purpose of limiting, reducing, or  
23 managing exposure to changes in foreign currency exchange  
24 rates. The authority granted under this paragraph, however,  
25 shall not increase the principal amount of Bonds authorized to  
26 be issued by law. The arrangements may be executed and

1 delivered by the Director of the Governor's Office of  
2 Management and Budget on behalf of the State. Net payments for  
3 such arrangements shall constitute interest on the Bonds and  
4 shall be paid from the General Obligation Bond Retirement and  
5 Interest Fund. The Director of the Governor's Office of  
6 Management and Budget shall at least annually certify to the  
7 Governor and the State Comptroller his or her estimate of the  
8 amounts of such net payments to be included in the calculation  
9 of interest required to be paid by the State.

10 (c) Prior to the issuance of any Variable Rate Bonds  
11 pursuant to subsection (a), the Director of the Governor's  
12 Office of Management and Budget shall adopt an interest rate  
13 risk management policy providing that the amount of the State's  
14 variable rate exposure with respect to Bonds shall not exceed  
15 20%. This policy shall remain in effect while any Bonds are  
16 outstanding and the issuance of Bonds shall be subject to the  
17 terms of such policy. The terms of this policy may be amended  
18 from time to time by the Director of the Governor's Office of  
19 Management and Budget but in no event shall any amendment cause  
20 the permitted level of the State's variable rate exposure with  
21 respect to Bonds to exceed 20%.

22 (Source: P.A. 92-16, eff. 6-28-01; 93-9, eff. 6-3-03; 93-666,  
23 eff. 3-5-04; 93-839, eff. 7-30-04.)

24 Section 10. The Illinois Pension Code is amended by  
25 changing Sections 2-124, 2-134, 14-131, 14-135.08, 15-155,

1 15-156, 15-157, 15-165, 16-158, 18-131, and 18-140 as follows:

2 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

3 Sec. 2-124. Contributions by State.

4 (a) The State shall make contributions to the System by  
5 appropriations of amounts which, together with the  
6 contributions of participants, interest earned on investments,  
7 and other income will meet the cost of maintaining and  
8 administering the System on a 90% funded basis in accordance  
9 with actuarial recommendations.

10 (b) The Board shall determine the amount of State  
11 contributions required for each fiscal year on the basis of the  
12 actuarial tables and other assumptions adopted by the Board and  
13 the prescribed rate of interest, using the formula in  
14 subsection (c).

15 (c) ~~The For State fiscal years 2011 through 2045, the~~  
16 minimum contribution to the System to be made by the State for  
17 each fiscal year shall be an amount determined by the System to  
18 be sufficient to bring the total assets of the System up to 90%  
19 of the total actuarial liabilities of the System by the end of  
20 State fiscal year 2040 as 2045. ~~In making these determinations,~~  
21 ~~the required State contribution shall be calculated each year~~  
22 ~~as a level percentage of payroll over the years remaining to~~  
23 ~~and including fiscal year 2045 and shall be determined under~~  
24 the projected unit credit actuarial cost method.

25 ~~For State fiscal years 1996 through 2005, the State~~

1 ~~contribution to the System, as a percentage of the applicable~~  
2 ~~employee payroll, shall be increased in equal annual increments~~  
3 ~~so that by State fiscal year 2011, the State is contributing at~~  
4 ~~the rate required under this Section.~~

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for State fiscal year 2006 is  
7 \$4,157,000.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2007 is  
10 \$5,220,300.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2008 is  
13 \$5,220,300, minus the sum of (i) the System's proportionate  
14 share of principal repayment due in State fiscal year 2008 for  
15 the bonds authorized by Public Act 93-2 and (ii) the System's  
16 proportionate share of principal and interest, if any, due in  
17 State fiscal year 2008 for the bonds authorized by this  
18 amendatory Act of the 95th General Assembly.

19 For each of State fiscal years 2009 ~~2008~~ through 2040 ~~2010~~,  
20 the State contribution to the System, ~~as a percentage of the~~  
21 ~~applicable employee payroll,~~ shall be increased in equal annual  
22 amounts ~~increments~~ from the required State contribution for the  
23 preceding State fiscal year ~~2007~~, so that by State fiscal year  
24 2040 ~~2011~~, the State is contributing at the rate otherwise  
25 required under this Section.

26 Beginning in State fiscal year 2041 ~~2046~~, the minimum State

1 contribution for each fiscal year shall be the amount needed to  
2 maintain the total assets of the System at 90% of the total  
3 actuarial liabilities of the System.

4 Amounts received by the System pursuant to Section 25 of  
5 the Budget Stabilization Act in any fiscal year do not reduce  
6 and do not constitute payment of any portion of the minimum  
7 State contribution required under this Article in that fiscal  
8 year. Such amounts shall not reduce, and shall not be included  
9 in the calculation of, the required State contributions under  
10 this Article in any future year until the System has reached a  
11 funding ratio of at least 90%. A reference in this Article to  
12 the "required State contribution" or any substantially similar  
13 term does not include or apply to any amounts payable to the  
14 System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Section, the  
16 required State contribution for State fiscal year 2009 ~~2005~~ and  
17 ~~for fiscal year 2008~~ and each fiscal year thereafter, as  
18 calculated under this Section and certified under Section  
19 2-134, shall not exceed an amount equal to (i) the amount of  
20 the required State contribution that would have been calculated  
21 under this Section for that fiscal year if the System had not  
22 received any payments under subsection (d) of Section 7.2 of  
23 the General Obligation Bond Act, minus (ii) the portion of the  
24 State's total debt service payments for that fiscal year on the  
25 bonds issued for the purposes of that Section 7.2, as  
26 determined and certified by the Comptroller, that is the same

1 as the System's portion of the total moneys distributed under  
2 subsection (d) of Section 7.2 of the General Obligation Bond  
3 Act. ~~In determining this maximum for State fiscal years 2008~~  
4 ~~through 2010, however, the amount referred to in item (i) shall~~  
5 ~~be increased, as a percentage of the applicable employee~~  
6 ~~payroll, in equal increments calculated from the sum of the~~  
7 ~~required State contribution for State fiscal year 2007 plus the~~  
8 ~~applicable portion of the State's total debt service payments~~  
9 ~~for fiscal year 2007 on the bonds issued for the purposes of~~  
10 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~  
11 ~~State fiscal year 2011, the State is contributing at the rate~~  
12 ~~otherwise required under this Section.~~

13 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05; 94-839,  
14 eff. 6-6-06.)

15 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

16 Sec. 2-134. To certify required State contributions and  
17 submit vouchers.

18 (a) The Board shall certify to the Governor on or before  
19 December 15 of each year the amount of the required State  
20 contribution to the System for the next fiscal year. The  
21 certification shall include a copy of the actuarial  
22 recommendations upon which it is based.

23 On or before May 1, 2004, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the  
2 System under subsection (d) of Section 7.2 of the General  
3 Obligation Bond Act.

4 On or before July 1, 2005, the Board shall recalculate and  
5 recertify to the Governor the amount of the required State  
6 contribution to the System for State fiscal year 2006, taking  
7 into account the changes in required State contributions made  
8 by this amendatory Act of the 94th General Assembly.

9 On or before July 1, 2007, the board shall recalculate and  
10 recertify to the Governor the amount of the required State  
11 contribution to the System for State fiscal year 2008, taking  
12 into account the changes in required contributions made by this  
13 amendatory Act of the 95th General Assembly.

14 (b) Beginning in State fiscal year 1996, on or as soon as  
15 possible after the 15th day of each month the Board shall  
16 submit vouchers for payment of State contributions to the  
17 System, in a total monthly amount of one-twelfth of the  
18 required annual State contribution certified under subsection  
19 (a). From the effective date of this amendatory Act of the 93rd  
20 General Assembly through June 30, 2004, the Board shall not  
21 submit vouchers for the remainder of fiscal year 2004 in excess  
22 of the fiscal year 2004 certified contribution amount  
23 determined under this Section after taking into consideration  
24 the transfer to the System under subsection (d) of Section  
25 6z-61 of the State Finance Act. These vouchers shall be paid by  
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year. If in  
2 any month the amount remaining unexpended from all other  
3 appropriations to the System for the applicable fiscal year  
4 (including the appropriations to the System under Section 8.12  
5 of the State Finance Act and Section 1 of the State Pension  
6 Funds Continuing Appropriation Act) is less than the amount  
7 lawfully vouchered under this Section, the difference shall be  
8 paid from the General Revenue Fund under the continuing  
9 appropriation authority provided in Section 1.1 of the State  
10 Pension Funds Continuing Appropriation Act.

11 (c) The full amount of any annual appropriation for the  
12 System for State fiscal year 1995 shall be transferred and made  
13 available to the System at the beginning of that fiscal year at  
14 the request of the Board. Any excess funds remaining at the end  
15 of any fiscal year from appropriations shall be retained by the  
16 System as a general reserve to meet the System's accrued  
17 liabilities.

18 (d) Notwithstanding this Act or any other law to the  
19 contrary, the Board must ensure that at least 19% of the  
20 proceeds received by the Board from any concession lease  
21 agreement of the Illinois Lottery as well as at least 19% of  
22 the proceeds from the issuance of general obligation bonds  
23 under the General Obligation Bond Act authorized by this  
24 amendatory Act of the 95th General Assembly are invested  
25 through qualified investment advisers who are a "minority owned  
26 business" or a "female owned business" as those terms are

1 defined in the Business Enterprise for Minorities, Females, and  
2 Persons with Disabilities Act.

3 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,  
4 eff. 6-1-05; 94-536, eff. 8-10-05; revised 8-19-05.)

5 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

6 Sec. 14-131. Contributions by State.

7 (a) The State shall make contributions to the System by  
8 appropriations of amounts which, together with other employer  
9 contributions from trust, federal, and other funds, employee  
10 contributions, investment income, and other income, will be  
11 sufficient to meet the cost of maintaining and administering  
12 the System on a 90% funded basis in accordance with actuarial  
13 recommendations.

14 For the purposes of this Section and Section 14-135.08,  
15 references to State contributions refer only to employer  
16 contributions and do not include employee contributions that  
17 are picked up or otherwise paid by the State or a department on  
18 behalf of the employee.

19 (b) The Board shall determine the total amount of State  
20 contributions required for each fiscal year on the basis of the  
21 actuarial tables and other assumptions adopted by the Board,  
22 using the formula in subsection (e).

23 The Board shall also determine a State contribution rate  
24 for each fiscal year, expressed as a percentage of payroll,  
25 based on the total required State contribution for that fiscal

1 year (less the amount received by the System from  
2 appropriations under Section 8.12 of the State Finance Act and  
3 Section 1 of the State Pension Funds Continuing Appropriation  
4 Act, if any, for the fiscal year ending on the June 30  
5 immediately preceding the applicable November 15 certification  
6 deadline), the estimated payroll (including all forms of  
7 compensation) for personal services rendered by eligible  
8 employees, and the recommendations of the actuary.

9 For the purposes of this Section and Section 14.1 of the  
10 State Finance Act, the term "eligible employees" includes  
11 employees who participate in the System, persons who may elect  
12 to participate in the System but have not so elected, persons  
13 who are serving a qualifying period that is required for  
14 participation, and annuitants employed by a department as  
15 described in subdivision (a) (1) or (a) (2) of Section 14-111.

16 (c) Contributions shall be made by the several departments  
17 for each pay period by warrants drawn by the State Comptroller  
18 against their respective funds or appropriations based upon  
19 vouchers stating the amount to be so contributed. These amounts  
20 shall be based on the full rate certified by the Board under  
21 Section 14-135.08 for that fiscal year. From the effective date  
22 of this amendatory Act of the 93rd General Assembly through the  
23 payment of the final payroll from fiscal year 2004  
24 appropriations, the several departments shall not make  
25 contributions for the remainder of fiscal year 2004 but shall  
26 instead make payments as required under subsection (a-1) of

1 Section 14.1 of the State Finance Act. The several departments  
2 shall resume those contributions at the commencement of fiscal  
3 year 2005.

4 (d) If an employee is paid from trust funds or federal  
5 funds, the department or other employer shall pay employer  
6 contributions from those funds to the System at the certified  
7 rate, unless the terms of the trust or the federal-State  
8 agreement preclude the use of the funds for that purpose, in  
9 which case the required employer contributions shall be paid by  
10 the State. From the effective date of this amendatory Act of  
11 the 93rd General Assembly through the payment of the final  
12 payroll from fiscal year 2004 appropriations, the department or  
13 other employer shall not pay contributions for the remainder of  
14 fiscal year 2004 but shall instead make payments as required  
15 under subsection (a-1) of Section 14.1 of the State Finance  
16 Act. The department or other employer shall resume payment of  
17 contributions at the commencement of fiscal year 2005.

18 (e) ~~The For State fiscal years 2011 through 2045, the~~  
19 minimum contribution to the System to be made by the State for  
20 each fiscal year shall be an amount determined by the System to  
21 be sufficient to bring the total assets of the System up to 90%  
22 of the total actuarial liabilities of the System by the end of  
23 State fiscal year 2040 as 2045. ~~In making these determinations,~~  
24 ~~the required State contribution shall be calculated each year~~  
25 ~~as a level percentage of payroll over the years remaining to~~  
26 ~~and including fiscal year 2045 and shall be determined under~~

1 the projected unit credit actuarial cost method.

2 ~~For State fiscal years 1996 through 2005, the State~~  
3 ~~contribution to the System, as a percentage of the applicable~~  
4 ~~employee payroll, shall be increased in equal annual increments~~  
5 ~~so that by State fiscal year 2011, the State is contributing at~~  
6 ~~the rate required under this Section; except that (i) for State~~  
7 ~~fiscal year 1998, for all purposes of this Code and any other~~  
8 ~~law of this State, the certified percentage of the applicable~~  
9 ~~employee payroll shall be 5.052% for employees earning eligible~~  
10 ~~creditable service under Section 14-110 and 6.500% for all~~  
11 ~~other employees, notwithstanding any contrary certification~~  
12 ~~made under Section 14-135.08 before the effective date of this~~  
13 ~~amendatory Act of 1997, and (ii) in the following specified~~  
14 ~~State fiscal years, the State contribution to the System shall~~  
15 ~~not be less than the following indicated percentages of the~~  
16 ~~applicable employee payroll, even if the indicated percentage~~  
17 ~~will produce a State contribution in excess of the amount~~  
18 ~~otherwise required under this subsection and subsection (a):~~  
19 ~~9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY~~  
20 ~~2002; 10.6% in FY 2003; and 10.8% in FY 2004.~~

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution to the System for State  
23 fiscal year 2006 is \$203,783,900.

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution to the System for State  
26 fiscal year 2007 is \$344,164,400.

1        Notwithstanding any other provision of this Article, the  
2        total required State contribution to the System for State  
3        fiscal year 2008 is \$344,164,400 minus the sum of (i) the  
4        System's proportionate share of principal repayment due in  
5        State fiscal year 2008 for the bonds authorized by Public Act  
6        93-2 and (ii) the System's proportionate share of principal and  
7        interest, if any, due in State fiscal year 2008 for the bonds  
8        authorized by this amendatory Act of the 95th General Assembly.

9        For each of State fiscal years 2009 ~~2008~~ through 2040 ~~2010~~,  
10       the State contribution to the System, ~~as a percentage of the~~  
11       ~~applicable employee payroll,~~ shall be increased in equal annual  
12       amounts ~~increments~~ from the required State contribution for the  
13       preceding State fiscal year ~~2007~~, so that by State fiscal year  
14       2040 ~~2011~~, the State is contributing at the rate otherwise  
15       required under this Section.

16       Beginning in State fiscal year 2041 ~~2046~~, the minimum State  
17       contribution for each fiscal year shall be the amount needed to  
18       maintain the total assets of the System at 90% of the total  
19       actuarial liabilities of the System.

20       Amounts received by the System pursuant to Section 25 of  
21       the Budget Stabilization Act in any fiscal year do not reduce  
22       and do not constitute payment of any portion of the minimum  
23       State contribution required under this Article in that fiscal  
24       year. Such amounts shall not reduce, and shall not be included  
25       in the calculation of, the required State contributions under  
26       this Article in any future year until the System has reached a

1 funding ratio of at least 90%. A reference in this Article to  
2 the "required State contribution" or any substantially similar  
3 term does not include or apply to any amounts payable to the  
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2009 ~~2005 and~~  
7 ~~for fiscal year 2008~~ and each fiscal year thereafter, as  
8 calculated under this Section and certified under Section  
9 14-135.08, shall not exceed an amount equal to (i) the amount  
10 of the required State contribution that would have been  
11 calculated under this Section for that fiscal year if the  
12 System had not received any payments under subsection (d) of  
13 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
14 portion of the State's total debt service payments for that  
15 fiscal year on the bonds issued for the purposes of that  
16 Section 7.2, as determined and certified by the Comptroller,  
17 that is the same as the System's portion of the total moneys  
18 distributed under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act. ~~In determining this maximum for State~~  
20 ~~fiscal years 2008 through 2010, however, the amount referred to~~  
21 ~~in item (i) shall be increased, as a percentage of the~~  
22 ~~applicable employee payroll, in equal increments calculated~~  
23 ~~from the sum of the required State contribution for State~~  
24 ~~fiscal year 2007 plus the applicable portion of the State's~~  
25 ~~total debt service payments for fiscal year 2007 on the bonds~~  
26 ~~issued for the purposes of Section 7.2 of the General~~

1 ~~Obligation Bond Act, so that, by State fiscal year 2011, the~~  
2 ~~State is contributing at the rate otherwise required under this~~  
3 ~~Section.~~

4 (f) After the submission of all payments for eligible  
5 employees from personal services line items in fiscal year 2004  
6 have been made, the Comptroller shall provide to the System a  
7 certification of the sum of all fiscal year 2004 expenditures  
8 for personal services that would have been covered by payments  
9 to the System under this Section if the provisions of this  
10 amendatory Act of the 93rd General Assembly had not been  
11 enacted. Upon receipt of the certification, the System shall  
12 determine the amount due to the System based on the full rate  
13 certified by the Board under Section 14-135.08 for fiscal year  
14 2004 in order to meet the State's obligation under this  
15 Section. The System shall compare this amount due to the amount  
16 received by the System in fiscal year 2004 through payments  
17 under this Section and under Section 6z-61 of the State Finance  
18 Act. If the amount due is more than the amount received, the  
19 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
20 purposes of this Section, and the Fiscal Year 2004 Shortfall  
21 shall be satisfied under Section 1.2 of the State Pension Funds  
22 Continuing Appropriation Act. If the amount due is less than  
23 the amount received, the difference shall be termed the "Fiscal  
24 Year 2004 Overpayment" for purposes of this Section, and the  
25 Fiscal Year 2004 Overpayment shall be repaid by the System to  
26 the Pension Contribution Fund as soon as practicable after the

1 certification.

2 (g) Notwithstanding this Act or any other law to the  
3 contrary, the Board must ensure that at least 19% of the  
4 proceeds received by the Board from any concession lease  
5 agreement of the Illinois Lottery as well as at least 19% of  
6 the proceeds from the issuance of general obligation bonds  
7 under the General Obligation Bond Act authorized by this  
8 amendatory Act of the 95th General Assembly are invested  
9 through qualified investment advisers who are a "minority owned  
10 business" or a "female owned business" as those terms are  
11 defined in the Business Enterprise for Minorities, Females, and  
12 Persons with Disabilities Act.

13 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,  
14 eff. 6-1-05; 94-839, eff. 6-6-06.)

15 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

16 Sec. 14-135.08. To certify required State contributions.

17 (a) To certify to the Governor and to each department, on  
18 or before November 15 of each year, the required rate for State  
19 contributions to the System for the next State fiscal year, as  
20 determined under subsection (b) of Section 14-131. The  
21 certification to the Governor shall include a copy of the  
22 actuarial recommendations upon which the rate is based.

23 (b) The certification shall include an additional amount  
24 necessary to pay all principal of and interest on those general  
25 obligation bonds due the next fiscal year authorized by Section

1 7.2(a) of the General Obligation Bond Act and issued to provide  
2 the proceeds deposited by the State with the System ~~in July~~  
3 ~~2003~~, representing deposits other than amounts reserved under  
4 Section 7.2(c) of the General Obligation Bond Act from the  
5 initial \$10,000,000,000 bond sale. For State fiscal year 2005,  
6 the Board shall make a supplemental certification of the  
7 additional amount necessary to pay all principal of and  
8 interest on those general obligation bonds due in State fiscal  
9 years 2004 and 2005 authorized by Section 7.2(a) of the General  
10 Obligation Bond Act and issued to provide the proceeds  
11 deposited by the State with the System in July 2003,  
12 representing deposits other than amounts reserved under  
13 Section 7.2(c) of the General Obligation Bond Act, as soon as  
14 practical after the effective date of this amendatory Act of  
15 the 93rd General Assembly.

16 On or before May 1, 2004, the Board shall recalculate and  
17 recertify to the Governor and to each department the amount of  
18 the required State contribution to the System and the required  
19 rates for State contributions to the System for State fiscal  
20 year 2005, taking into account the amounts appropriated to and  
21 received by the System under subsection (d) of Section 7.2 of  
22 the General Obligation Bond Act.

23 On or before July 1, 2005, the Board shall recalculate and  
24 recertify to the Governor and to each department the amount of  
25 the required State contribution to the System and the required  
26 rates for State contributions to the System for State fiscal

1 year 2006, taking into account the changes in required State  
2 contributions made by this amendatory Act of the 94th General  
3 Assembly.

4 On or before July 1, 2007, the Board shall recalculate and  
5 recertify to the Governor and to each Department the amount of  
6 the required State contribution to the System and the required  
7 rates for State contribution to the System for State fiscal  
8 year 2008, taking into account the changes in required  
9 contributions made by this amendatory Act of the 95th General  
10 Assembly.

11 (Source: P.A. 93-2, eff. 4-7-03; 93-839, eff. 7-30-04; 94-4,  
12 eff. 6-1-05.)

13 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

14 Sec. 15-155. Employer contributions.

15 (a) The State of Illinois shall make contributions by  
16 appropriations of amounts which, together with the other  
17 employer contributions from trust, federal, and other funds,  
18 employee contributions, income from investments, and other  
19 income of this System, will be sufficient to meet the cost of  
20 maintaining and administering the System on a 90% funded basis  
21 in accordance with actuarial recommendations.

22 The Board shall determine the amount of State contributions  
23 required for each fiscal year on the basis of the actuarial  
24 tables and other assumptions adopted by the Board and the  
25 recommendations of the actuary, using the formula in subsection

1 (a-1).

2 (a-1) ~~The For State fiscal years 2011 through 2045, the~~  
3 minimum contribution to the System to be made by the State for  
4 each fiscal year shall be an amount determined by the System to  
5 be sufficient to bring the total assets of the System up to 90%  
6 of the total actuarial liabilities of the System by the end of  
7 State fiscal year 2040 as 2045. ~~In making these determinations,~~  
8 ~~the required State contribution shall be calculated each year~~  
9 ~~as a level percentage of payroll over the years remaining to~~  
10 ~~and including fiscal year 2045 and shall be determined under~~  
11 the projected unit credit actuarial cost method.

12 ~~For State fiscal years 1996 through 2005, the State~~  
13 ~~contribution to the System, as a percentage of the applicable~~  
14 ~~employee payroll, shall be increased in equal annual increments~~  
15 ~~so that by State fiscal year 2011, the State is contributing at~~  
16 ~~the rate required under this Section.~~

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2006 is  
19 \$166,641,900.

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2007 is  
22 \$252,064,100.

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2008 is  
25 \$252,064,100 minus the sum of (i) the System's proportionate  
26 share of principal repayment due in State fiscal year 2008 for

1 the bonds authorized by Public Act 93-2 and (ii) the System's  
2 proportionate share of principal and interest, if any, due in  
3 State fiscal year 2008 for the bonds authorized by this  
4 amendatory Act of the 95th General Assembly.

5 For each of State fiscal years 2009 ~~2008~~ through 2040 ~~2010~~,  
6 the State contribution to the System, ~~as a percentage of the~~  
7 ~~applicable employee payroll,~~ shall be increased in equal annual  
8 amounts ~~increments~~ from the required State contribution for the  
9 preceding State fiscal year ~~2007~~, so that by State fiscal year  
10 2040 ~~2011~~, the State is contributing at the rate otherwise  
11 required under this Section.

12 Beginning in State fiscal year 2041 ~~2046~~, the minimum State  
13 contribution for each fiscal year shall be the amount needed to  
14 maintain the total assets of the System at 90% of the total  
15 actuarial liabilities of the System.

16 Amounts received by the System pursuant to Section 25 of  
17 the Budget Stabilization Act in any fiscal year do not reduce  
18 and do not constitute payment of any portion of the minimum  
19 State contribution required under this Article in that fiscal  
20 year. Such amounts shall not reduce, and shall not be included  
21 in the calculation of, the required State contributions under  
22 this Article in any future year until the System has reached a  
23 funding ratio of at least 90%. A reference in this Article to  
24 the "required State contribution" or any substantially similar  
25 term does not include or apply to any amounts payable to the  
26 System under Section 25 of the Budget Stabilization Act.

1           Notwithstanding any other provision of this Section, the  
2           required State contribution for State fiscal year 2009 ~~2005 and~~  
3           ~~for fiscal year 2008~~ and each fiscal year thereafter, as  
4           calculated under this Section and certified under Section  
5           15-165, shall not exceed an amount equal to (i) the amount of  
6           the required State contribution that would have been calculated  
7           under this Section for that fiscal year if the System had not  
8           received any payments under subsection (d) of Section 7.2 of  
9           the General Obligation Bond Act, minus (ii) the portion of the  
10          State's total debt service payments for that fiscal year on the  
11          bonds issued for the purposes of that Section 7.2, as  
12          determined and certified by the Comptroller, that is the same  
13          as the System's portion of the total moneys distributed under  
14          subsection (d) of Section 7.2 of the General Obligation Bond  
15          Act. ~~In determining this maximum for State fiscal years 2008~~  
16          ~~through 2010, however, the amount referred to in item (i) shall~~  
17          ~~be increased, as a percentage of the applicable employee~~  
18          ~~payroll, in equal increments calculated from the sum of the~~  
19          ~~required State contribution for State fiscal year 2007 plus the~~  
20          ~~applicable portion of the State's total debt service payments~~  
21          ~~for fiscal year 2007 on the bonds issued for the purposes of~~  
22          ~~Section 7.2 of the General Obligation Bond Act, so that, by~~  
23          ~~State fiscal year 2011, the State is contributing at the rate~~  
24          ~~otherwise required under this Section.~~

25           (b) If an employee is paid from trust or federal funds, the  
26           employer shall pay to the Board contributions from those funds

1 which are sufficient to cover the accruing normal costs on  
2 behalf of the employee. However, universities having employees  
3 who are compensated out of local auxiliary funds, income funds,  
4 or service enterprise funds are not required to pay such  
5 contributions on behalf of those employees. The local auxiliary  
6 funds, income funds, and service enterprise funds of  
7 universities shall not be considered trust funds for the  
8 purpose of this Article, but funds of alumni associations,  
9 foundations, and athletic associations which are affiliated  
10 with the universities included as employers under this Article  
11 and other employers which do not receive State appropriations  
12 are considered to be trust funds for the purpose of this  
13 Article.

14 (b-1) The City of Urbana and the City of Champaign shall  
15 each make employer contributions to this System for their  
16 respective firefighter employees who participate in this  
17 System pursuant to subsection (h) of Section 15-107. The rate  
18 of contributions to be made by those municipalities shall be  
19 determined annually by the Board on the basis of the actuarial  
20 assumptions adopted by the Board and the recommendations of the  
21 actuary, and shall be expressed as a percentage of salary for  
22 each such employee. The Board shall certify the rate to the  
23 affected municipalities as soon as may be practical. The  
24 employer contributions required under this subsection shall be  
25 remitted by the municipality to the System at the same time and  
26 in the same manner as employee contributions.

1           (c) Through State fiscal year 1995: The total employer  
2 contribution shall be apportioned among the various funds of  
3 the State and other employers, whether trust, federal, or other  
4 funds, in accordance with actuarial procedures approved by the  
5 Board. State of Illinois contributions for employers receiving  
6 State appropriations for personal services shall be payable  
7 from appropriations made to the employers or to the System. The  
8 contributions for Class I community colleges covering earnings  
9 other than those paid from trust and federal funds, shall be  
10 payable solely from appropriations to the Illinois Community  
11 College Board or the System for employer contributions.

12           (d) Beginning in State fiscal year 1996, the required State  
13 contributions to the System shall be appropriated directly to  
14 the System and shall be payable through vouchers issued in  
15 accordance with subsection (c) of Section 15-165, except as  
16 provided in subsection (g).

17           (e) The State Comptroller shall draw warrants payable to  
18 the System upon proper certification by the System or by the  
19 employer in accordance with the appropriation laws and this  
20 Code.

21           (f) Normal costs under this Section means liability for  
22 pensions and other benefits which accrues to the System because  
23 of the credits earned for service rendered by the participants  
24 during the fiscal year and expenses of administering the  
25 System, but shall not include the principal of or any  
26 redemption premium or interest on any bonds issued by the Board

1 or any expenses incurred or deposits required in connection  
2 therewith.

3 (g) If the amount of a participant's earnings for any  
4 academic year used to determine the final rate of earnings,  
5 determined on a full-time equivalent basis, exceeds the amount  
6 of his or her earnings with the same employer for the previous  
7 academic year, determined on a full-time equivalent basis, by  
8 more than 6%, the participant's employer shall pay to the  
9 System, in addition to all other payments required under this  
10 Section and in accordance with guidelines established by the  
11 System, the present value of the increase in benefits resulting  
12 from the portion of the increase in earnings that is in excess  
13 of 6%. This present value shall be computed by the System on  
14 the basis of the actuarial assumptions and tables used in the  
15 most recent actuarial valuation of the System that is available  
16 at the time of the computation. The System may require the  
17 employer to provide any pertinent information or  
18 documentation.

19 Whenever it determines that a payment is or may be required  
20 under this subsection (g), the System shall calculate the  
21 amount of the payment and bill the employer for that amount.  
22 The bill shall specify the calculations used to determine the  
23 amount due. If the employer disputes the amount of the bill, it  
24 may, within 30 days after receipt of the bill, apply to the  
25 System in writing for a recalculation. The application must  
26 specify in detail the grounds of the dispute and, if the

1 employer asserts that the calculation is subject to subsection  
2 (h) or (i) of this Section, must include an affidavit setting  
3 forth and attesting to all facts within the employer's  
4 knowledge that are pertinent to the applicability of subsection  
5 (h) or (i). Upon receiving a timely application for  
6 recalculation, the System shall review the application and, if  
7 appropriate, recalculate the amount due.

8 The employer contributions required under this subsection  
9 (f) may be paid in the form of a lump sum within 90 days after  
10 receipt of the bill. If the employer contributions are not paid  
11 within 90 days after receipt of the bill, then interest will be  
12 charged at a rate equal to the System's annual actuarially  
13 assumed rate of return on investment compounded annually from  
14 the 91st day after receipt of the bill. Payments must be  
15 concluded within 3 years after the employer's receipt of the  
16 bill.

17 (h) This subsection (h) applies only to payments made or  
18 salary increases given on or after June 1, 2005 but before July  
19 1, 2011. The changes made by Public Act 94-1057 ~~this amendatory~~  
20 ~~Act of the 94th General Assembly~~ shall not require the System  
21 to refund any payments received before July 31, 2006 (the  
22 effective date of Public Act 94-1057) ~~this amendatory Act~~.

23 When assessing payment for any amount due under subsection  
24 (g), the System shall exclude earnings increases paid to  
25 participants under contracts or collective bargaining  
26 agreements entered into, amended, or renewed before June 1,

1 2005.

2 When assessing payment for any amount due under subsection  
3 (g), the System shall exclude earnings increases paid to a  
4 participant at a time when the participant is 10 or more years  
5 from retirement eligibility under Section 15-135.

6 When assessing payment for any amount due under subsection  
7 (g), the System shall exclude earnings increases resulting from  
8 overload work, including a contract for summer teaching, or  
9 overtime when the employer has certified to the System, and the  
10 System has approved the certification, that: (i) in the case of  
11 overloads (A) the overload work is for the sole purpose of  
12 academic instruction in excess of the standard number of  
13 instruction hours for a full-time employee occurring during the  
14 academic year that the overload is paid and (B) the earnings  
15 increases are equal to or less than the rate of pay for  
16 academic instruction computed using the participant's current  
17 salary rate and work schedule; and (ii) in the case of  
18 overtime, the overtime was necessary for the educational  
19 mission.

20 When assessing payment for any amount due under subsection  
21 (g), the System shall exclude any earnings increase resulting  
22 from (i) a promotion for which the employee moves from one  
23 classification to a higher classification under the State  
24 Universities Civil Service System, (ii) a promotion in academic  
25 rank for a tenured or tenure-track faculty position, or (iii) a  
26 promotion that the Illinois Community College Board has

1 recommended in accordance with subsection (k) of this Section.  
2 These earnings increases shall be excluded only if the  
3 promotion is to a position that has existed and been filled by  
4 a member for no less than one complete academic year and the  
5 earnings increase as a result of the promotion is an increase  
6 that results in an amount no greater than the average salary  
7 paid for other similar positions.

8 (i) When assessing payment for any amount due under  
9 subsection (g), the System shall exclude any salary increase  
10 described in subsection (h) of this Section given on or after  
11 July 1, 2011 but before July 1, 2014 under a contract or  
12 collective bargaining agreement entered into, amended, or  
13 renewed on or after June 1, 2005 but before July 1, 2011.  
14 Notwithstanding any other provision of this Section, any  
15 payments made or salary increases given after June 30, 2014  
16 shall be used in assessing payment for any amount due under  
17 subsection (g) of this Section.

18 (j) The System shall prepare a report and file copies of  
19 the report with the Governor and the General Assembly by  
20 January 1, 2007 that contains all of the following information:

21 (1) The number of recalculations required by the  
22 changes made to this Section by Public Act 94-1057 ~~this~~  
23 ~~amendatory Act of the 94th General Assembly~~ for each  
24 employer.

25 (2) The dollar amount by which each employer's  
26 contribution to the System was changed due to

1           recalculations required by Public Act 94-1057 ~~this~~  
2           ~~amendatory Act of the 94th General Assembly.~~

3           (3) The total amount the System received from each  
4           employer as a result of the changes made to this Section by  
5           Public Act 94-4.

6           (4) The increase in the required State contribution  
7           resulting from the changes made to this Section by Public  
8           Act 94-1057 ~~this amendatory Act of the 94th General~~  
9           ~~Assembly.~~

10          (k) The Illinois Community College Board shall adopt rules  
11          for recommending lists of promotional positions submitted to  
12          the Board by community colleges and for reviewing the  
13          promotional lists on an annual basis. When recommending  
14          promotional lists, the Board shall consider the similarity of  
15          the positions submitted to those positions recognized for State  
16          universities by the State Universities Civil Service System.  
17          The Illinois Community College Board shall file a copy of its  
18          findings with the System. The System shall consider the  
19          findings of the Illinois Community College Board when making  
20          determinations under this Section. The System shall not exclude  
21          any earnings increases resulting from a promotion when the  
22          promotion was not submitted by a community college. Nothing in  
23          this subsection (k) shall require any community college to  
24          submit any information to the Community College Board.

25          (l) Notwithstanding this Act or any other law to the  
26          contrary, the Board must ensure that at least 19% of the

1 proceeds received by the Board from any concession lease  
2 agreement of the Illinois Lottery as well as at least 19% of  
3 the proceeds from the issuance of general obligation bonds  
4 under the General Obligation Bond Act authorized by this  
5 amendatory Act of the 95th General Assembly are invested  
6 through qualified investment advisers who are a "minority owned  
7 business" or a "female owned business" as those terms are  
8 defined in the Business Enterprise for Minorities, Females, and  
9 Persons with Disabilities Act.

10 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05; 94-839,  
11 eff. 6-6-06; 94-1057, eff. 7-31-06; revised 8-3-06.)

12 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

13 Sec. 15-165. To certify amounts and submit vouchers.

14 (a) The Board shall certify to the Governor on or before  
15 November 15 of each year the appropriation required from State  
16 funds for the purposes of this System for the following fiscal  
17 year. The certification shall include a copy of the actuarial  
18 recommendations upon which it is based.

19 On or before May 1, 2004, the Board shall recalculate and  
20 recertify to the Governor the amount of the required State  
21 contribution to the System for State fiscal year 2005, taking  
22 into account the amounts appropriated to and received by the  
23 System under subsection (d) of Section 7.2 of the General  
24 Obligation Bond Act.

25 On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor the amount of the required State  
2 contribution to the System for State fiscal year 2006, taking  
3 into account the changes in required State contributions made  
4 by this amendatory Act of the 94th General Assembly.

5 On or before July 1, 2007, the board shall recalculate and  
6 recertify to the Governor the amount of the required State  
7 contribution to the System for State fiscal year 2008, taking  
8 into account the changes in required contributions made by this  
9 amendatory Act of the 95th General Assembly.

10 (b) The Board shall certify to the State Comptroller or  
11 employer, as the case may be, from time to time, by its  
12 president and secretary, with its seal attached, the amounts  
13 payable to the System from the various funds.

14 (c) Beginning in State fiscal year 1996, on or as soon as  
15 possible after the 15th day of each month the Board shall  
16 submit vouchers for payment of State contributions to the  
17 System, in a total monthly amount of one-twelfth of the  
18 required annual State contribution certified under subsection  
19 (a). From the effective date of this amendatory Act of the 93rd  
20 General Assembly through June 30, 2004, the Board shall not  
21 submit vouchers for the remainder of fiscal year 2004 in excess  
22 of the fiscal year 2004 certified contribution amount  
23 determined under this Section after taking into consideration  
24 the transfer to the System under subsection (b) of Section  
25 6z-61 of the State Finance Act. These vouchers shall be paid by  
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year.

2 If in any month the amount remaining unexpended from all  
3 other appropriations to the System for the applicable fiscal  
4 year (including the appropriations to the System under Section  
5 8.12 of the State Finance Act and Section 1 of the State  
6 Pension Funds Continuing Appropriation Act) is less than the  
7 amount lawfully vouchered under this Section, the difference  
8 shall be paid from the General Revenue Fund under the  
9 continuing appropriation authority provided in Section 1.1 of  
10 the State Pension Funds Continuing Appropriation Act.

11 (d) So long as the payments received are the full amount  
12 lawfully vouchered under this Section, payments received by the  
13 System under this Section shall be applied first toward the  
14 employer contribution to the self-managed plan established  
15 under Section 15-158.2. Payments shall be applied second toward  
16 the employer's portion of the normal costs of the System, as  
17 defined in subsection (f) of Section 15-155. The balance shall  
18 be applied toward the unfunded actuarial liabilities of the  
19 System.

20 (e) In the event that the System does not receive, as a  
21 result of legislative enactment or otherwise, payments  
22 sufficient to fully fund the employer contribution to the  
23 self-managed plan established under Section 15-158.2 and to  
24 fully fund that portion of the employer's portion of the normal  
25 costs of the System, as calculated in accordance with Section  
26 15-155(a-1), then any payments received shall be applied

1 proportionately to the optional retirement program established  
2 under Section 15-158.2 and to the employer's portion of the  
3 normal costs of the System, as calculated in accordance with  
4 Section 15-155(a-1).

5 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,  
6 eff. 6-1-05.)

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

8 Sec. 16-158. Contributions by State and other employing  
9 units.

10 (a) The State shall make contributions to the System by  
11 means of appropriations from the Common School Fund and other  
12 State funds of amounts which, together with other employer  
13 contributions, employee contributions, investment income, and  
14 other income, will be sufficient to meet the cost of  
15 maintaining and administering the System on a 90% funded basis  
16 in accordance with actuarial recommendations.

17 The Board shall determine the amount of State contributions  
18 required for each fiscal year on the basis of the actuarial  
19 tables and other assumptions adopted by the Board and the  
20 recommendations of the actuary, using the formula in subsection  
21 (b-3).

22 (a-1) Annually, on or before November 15, the Board shall  
23 certify to the Governor the amount of the required State  
24 contribution for the coming fiscal year. The certification  
25 shall include a copy of the actuarial recommendations upon

1 which it is based.

2 On or before May 1, 2004, the Board shall recalculate and  
3 recertify to the Governor the amount of the required State  
4 contribution to the System for State fiscal year 2005, taking  
5 into account the amounts appropriated to and received by the  
6 System under subsection (d) of Section 7.2 of the General  
7 Obligation Bond Act.

8 On or before July 1, 2005, the Board shall recalculate and  
9 recertify to the Governor the amount of the required State  
10 contribution to the System for State fiscal year 2006, taking  
11 into account the changes in required State contributions made  
12 by this amendatory Act of the 94th General Assembly.

13 On or before July 1, 2007, the board shall recalculate and  
14 recertify to the Governor the amount of the required State  
15 contribution to the System for State fiscal year 2008, taking  
16 into account the changes in required contributions made by this  
17 amendatory Act of the 95th General Assembly.

18 (b) Through State fiscal year 1995, the State contributions  
19 shall be paid to the System in accordance with Section 18-7 of  
20 the School Code.

21 (b-1) Beginning in State fiscal year 1996, on the 15th day  
22 of each month, or as soon thereafter as may be practicable, the  
23 Board shall submit vouchers for payment of State contributions  
24 to the System, in a total monthly amount of one-twelfth of the  
25 required annual State contribution certified under subsection  
26 (a-1). From the effective date of this amendatory Act of the

1 93rd General Assembly through June 30, 2004, the Board shall  
2 not submit vouchers for the remainder of fiscal year 2004 in  
3 excess of the fiscal year 2004 certified contribution amount  
4 determined under this Section after taking into consideration  
5 the transfer to the System under subsection (a) of Section  
6 6z-61 of the State Finance Act. These vouchers shall be paid by  
7 the State Comptroller and Treasurer by warrants drawn on the  
8 funds appropriated to the System for that fiscal year.

9 If in any month the amount remaining unexpended from all  
10 other appropriations to the System for the applicable fiscal  
11 year (including the appropriations to the System under Section  
12 8.12 of the State Finance Act and Section 1 of the State  
13 Pension Funds Continuing Appropriation Act) is less than the  
14 amount lawfully vouchered under this subsection, the  
15 difference shall be paid from the Common School Fund under the  
16 continuing appropriation authority provided in Section 1.1 of  
17 the State Pension Funds Continuing Appropriation Act.

18 (b-2) Allocations from the Common School Fund apportioned  
19 to school districts not coming under this System shall not be  
20 diminished or affected by the provisions of this Article.

21 (b-3) ~~The For State fiscal years 2011 through 2045, the~~  
22 minimum contribution to the System to be made by the State for  
23 each fiscal year shall be an amount determined by the System to  
24 be sufficient to bring the total assets of the System up to 90%  
25 of the total actuarial liabilities of the System by the end of  
26 State fiscal year 2040 as 2045. ~~In making these determinations,~~

1 ~~the required State contribution shall be calculated each year~~  
2 ~~as a level percentage of payroll over the years remaining to~~  
3 ~~and including fiscal year 2045 and shall be~~ determined under  
4 the projected unit credit actuarial cost method.

5 ~~For State fiscal years 1996 through 2005, the State~~  
6 ~~contribution to the System, as a percentage of the applicable~~  
7 ~~employee payroll, shall be increased in equal annual increments~~  
8 ~~so that by State fiscal year 2011, the State is contributing at~~  
9 ~~the rate required under this Section; except that in the~~  
10 ~~following specified State fiscal years, the State contribution~~  
11 ~~to the System shall not be less than the following indicated~~  
12 ~~percentages of the applicable employee payroll, even if the~~  
13 ~~indicated percentage will produce a State contribution in~~  
14 ~~excess of the amount otherwise required under this subsection~~  
15 ~~and subsection (a), and notwithstanding any contrary~~  
16 ~~certification made under subsection (a 1) before the effective~~  
17 ~~date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%~~  
18 ~~in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY~~  
19 ~~2003; and 13.56% in FY 2004.~~

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2006 is  
22 \$534,627,700.

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2007 is  
25 \$738,014,500.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2008 is  
2 \$738,014,500 minus the sum of (i) the System's proportionate  
3 share of principal repayment due in State fiscal year 2008 for  
4 the bonds authorized by Public Act 93-2 and (ii) the System's  
5 proportionate share of principal and interest, if any, due in  
6 State fiscal year 2008 for the bonds authorized by this  
7 amendatory Act of the 95th General Assembly.

8 For each of State fiscal years 2009 ~~2008~~ through 2040 ~~2010~~,  
9 the State contribution to the System, ~~as a percentage of the~~  
10 ~~applicable employee payroll,~~ shall be increased in equal annual  
11 amounts ~~increments~~ from the required State contribution for the  
12 preceding State fiscal year ~~2007~~, so that by State fiscal year  
13 2040 ~~2011~~, the State is contributing at the rate otherwise  
14 required under this Section.

15 Beginning in State fiscal year 2041 ~~2046~~, the minimum State  
16 contribution for each fiscal year shall be the amount needed to  
17 maintain the total assets of the System at 90% of the total  
18 actuarial liabilities of the System.

19 Amounts received by the System pursuant to Section 25 of  
20 the Budget Stabilization Act in any fiscal year do not reduce  
21 and do not constitute payment of any portion of the minimum  
22 State contribution required under this Article in that fiscal  
23 year. Such amounts shall not reduce, and shall not be included  
24 in the calculation of, the required State contributions under  
25 this Article in any future year until the System has reached a  
26 funding ratio of at least 90%. A reference in this Article to

1 the "required State contribution" or any substantially similar  
2 term does not include or apply to any amounts payable to the  
3 System under Section 25 of the Budget Stabilization Act.

4 Notwithstanding any other provision of this Section, the  
5 required State contribution for State fiscal year 2009 ~~2005 and~~  
6 ~~for fiscal year 2008~~ and each fiscal year thereafter, as  
7 calculated under this Section and certified under subsection  
8 (a-1), shall not exceed an amount equal to (i) the amount of  
9 the required State contribution that would have been calculated  
10 under this Section for that fiscal year if the System had not  
11 received any payments under subsection (d) of Section 7.2 of  
12 the General Obligation Bond Act, minus (ii) the portion of the  
13 State's total debt service payments for that fiscal year on the  
14 bonds issued for the purposes of that Section 7.2, as  
15 determined and certified by the Comptroller, that is the same  
16 as the System's portion of the total moneys distributed under  
17 subsection (d) of Section 7.2 of the General Obligation Bond  
18 Act. ~~In determining this maximum for State fiscal years 2008~~  
19 ~~through 2010, however, the amount referred to in item (i) shall~~  
20 ~~be increased, as a percentage of the applicable employee~~  
21 ~~payroll, in equal increments calculated from the sum of the~~  
22 ~~required State contribution for State fiscal year 2007 plus the~~  
23 ~~applicable portion of the State's total debt service payments~~  
24 ~~for fiscal year 2007 on the bonds issued for the purposes of~~  
25 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~  
26 ~~State fiscal year 2011, the State is contributing at the rate~~

1 ~~otherwise required under this Section.~~

2 (c) Payment of the required State contributions and of all  
3 pensions, retirement annuities, death benefits, refunds, and  
4 other benefits granted under or assumed by this System, and all  
5 expenses in connection with the administration and operation  
6 thereof, are obligations of the State.

7 If members are paid from special trust or federal funds  
8 which are administered by the employing unit, whether school  
9 district or other unit, the employing unit shall pay to the  
10 System from such funds the full accruing retirement costs based  
11 upon that service, as determined by the System. Employer  
12 contributions, based on salary paid to members from federal  
13 funds, may be forwarded by the distributing agency of the State  
14 of Illinois to the System prior to allocation, in an amount  
15 determined in accordance with guidelines established by such  
16 agency and the System.

17 (d) Effective July 1, 1986, any employer of a teacher as  
18 defined in paragraph (8) of Section 16-106 shall pay the  
19 employer's normal cost of benefits based upon the teacher's  
20 service, in addition to employee contributions, as determined  
21 by the System. Such employer contributions shall be forwarded  
22 monthly in accordance with guidelines established by the  
23 System.

24 However, with respect to benefits granted under Section  
25 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
26 of Section 16-106, the employer's contribution shall be 12%

1 (rather than 20%) of the member's highest annual salary rate  
2 for each year of creditable service granted, and the employer  
3 shall also pay the required employee contribution on behalf of  
4 the teacher. For the purposes of Sections 16-133.4 and  
5 16-133.5, a teacher as defined in paragraph (8) of Section  
6 16-106 who is serving in that capacity while on leave of  
7 absence from another employer under this Article shall not be  
8 considered an employee of the employer from which the teacher  
9 is on leave.

10 (e) Beginning July 1, 1998, every employer of a teacher  
11 shall pay to the System an employer contribution computed as  
12 follows:

13 (1) Beginning July 1, 1998 through June 30, 1999, the  
14 employer contribution shall be equal to 0.3% of each  
15 teacher's salary.

16 (2) Beginning July 1, 1999 and thereafter, the employer  
17 contribution shall be equal to 0.58% of each teacher's  
18 salary.

19 The school district or other employing unit may pay these  
20 employer contributions out of any source of funding available  
21 for that purpose and shall forward the contributions to the  
22 System on the schedule established for the payment of member  
23 contributions.

24 These employer contributions are intended to offset a  
25 portion of the cost to the System of the increases in  
26 retirement benefits resulting from this amendatory Act of 1998.

1 Each employer of teachers is entitled to a credit against  
2 the contributions required under this subsection (e) with  
3 respect to salaries paid to teachers for the period January 1,  
4 2002 through June 30, 2003, equal to the amount paid by that  
5 employer under subsection (a-5) of Section 6.6 of the State  
6 Employees Group Insurance Act of 1971 with respect to salaries  
7 paid to teachers for that period.

8 The additional 1% employee contribution required under  
9 Section 16-152 by this amendatory Act of 1998 is the  
10 responsibility of the teacher and not the teacher's employer,  
11 unless the employer agrees, through collective bargaining or  
12 otherwise, to make the contribution on behalf of the teacher.

13 If an employer is required by a contract in effect on May  
14 1, 1998 between the employer and an employee organization to  
15 pay, on behalf of all its full-time employees covered by this  
16 Article, all mandatory employee contributions required under  
17 this Article, then the employer shall be excused from paying  
18 the employer contribution required under this subsection (e)  
19 for the balance of the term of that contract. The employer and  
20 the employee organization shall jointly certify to the System  
21 the existence of the contractual requirement, in such form as  
22 the System may prescribe. This exclusion shall cease upon the  
23 termination, extension, or renewal of the contract at any time  
24 after May 1, 1998.

25 (f) If the amount of a teacher's salary for any school year  
26 used to determine final average salary exceeds the member's

1 annual full-time salary rate with the same employer for the  
2 previous school year by more than 6%, the teacher's employer  
3 shall pay to the System, in addition to all other payments  
4 required under this Section and in accordance with guidelines  
5 established by the System, the present value of the increase in  
6 benefits resulting from the portion of the increase in salary  
7 that is in excess of 6%. This present value shall be computed  
8 by the System on the basis of the actuarial assumptions and  
9 tables used in the most recent actuarial valuation of the  
10 System that is available at the time of the computation. If a  
11 teacher's salary for the 2005-2006 school year is used to  
12 determine final average salary under this subsection (f), then  
13 the changes made to this subsection (f) by Public Act 94-1057  
14 shall apply in calculating whether the increase in his or her  
15 salary is in excess of 6%. For the purposes of this Section,  
16 change in employment under Section 10-21.12 of the School Code  
17 on or after June 1, 2005 shall constitute a change in employer.  
18 The System may require the employer to provide any pertinent  
19 information or documentation. The changes made to this  
20 subsection (f) by this amendatory Act of the 94th General  
21 Assembly apply without regard to whether the teacher was in  
22 service on or after its effective date.

23 Whenever it determines that a payment is or may be required  
24 under this subsection, the System shall calculate the amount of  
25 the payment and bill the employer for that amount. The bill  
26 shall specify the calculations used to determine the amount

1 due. If the employer disputes the amount of the bill, it may,  
2 within 30 days after receipt of the bill, apply to the System  
3 in writing for a recalculation. The application must specify in  
4 detail the grounds of the dispute and, if the employer asserts  
5 that the calculation is subject to subsection (g) or (h) of  
6 this Section, must include an affidavit setting forth and  
7 attesting to all facts within the employer's knowledge that are  
8 pertinent to the applicability of that subsection. Upon  
9 receiving a timely application for recalculation, the System  
10 shall review the application and, if appropriate, recalculate  
11 the amount due.

12 The employer contributions required under this subsection  
13 (f) may be paid in the form of a lump sum within 90 days after  
14 receipt of the bill. If the employer contributions are not paid  
15 within 90 days after receipt of the bill, then interest will be  
16 charged at a rate equal to the System's annual actuarially  
17 assumed rate of return on investment compounded annually from  
18 the 91st day after receipt of the bill. Payments must be  
19 concluded within 3 years after the employer's receipt of the  
20 bill.

21 (g) This subsection (g) applies only to payments made or  
22 salary increases given on or after June 1, 2005 but before July  
23 1, 2011. The changes made by Public Act 94-1057 shall not  
24 require the System to refund any payments received before July  
25 31, 2006 (the effective date of Public Act 94-1057).

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to teachers  
2 under contracts or collective bargaining agreements entered  
3 into, amended, or renewed before June 1, 2005.

4 When assessing payment for any amount due under subsection  
5 (f), the System shall exclude salary increases paid to a  
6 teacher at a time when the teacher is 10 or more years from  
7 retirement eligibility under Section 16-132 or 16-133.2.

8 When assessing payment for any amount due under subsection  
9 (f), the System shall exclude salary increases resulting from  
10 overload work, including summer school, when the school  
11 district has certified to the System, and the System has  
12 approved the certification, that (i) the overload work is for  
13 the sole purpose of classroom instruction in excess of the  
14 standard number of classes for a full-time teacher in a school  
15 district during a school year and (ii) the salary increases are  
16 equal to or less than the rate of pay for classroom instruction  
17 computed on the teacher's current salary and work schedule.

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude a salary increase resulting from  
20 a promotion (i) for which the employee is required to hold a  
21 certificate or supervisory endorsement issued by the State  
22 Teacher Certification Board that is a different certification  
23 or supervisory endorsement than is required for the teacher's  
24 previous position and (ii) to a position that has existed and  
25 been filled by a member for no less than one complete academic  
26 year and the salary increase from the promotion is an increase

1 that results in an amount no greater than the lesser of the  
2 average salary paid for other similar positions in the district  
3 requiring the same certification or the amount stipulated in  
4 the collective bargaining agreement for a similar position  
5 requiring the same certification.

6 When assessing payment for any amount due under subsection  
7 (f), the System shall exclude any payment to the teacher from  
8 the State of Illinois or the State Board of Education over  
9 which the employer does not have discretion, notwithstanding  
10 that the payment is included in the computation of final  
11 average salary.

12 (h) When assessing payment for any amount due under  
13 subsection (f), the System shall exclude any salary increase  
14 described in subsection (g) of this Section given on or after  
15 July 1, 2011 but before July 1, 2014 under a contract or  
16 collective bargaining agreement entered into, amended, or  
17 renewed on or after June 1, 2005 but before July 1, 2011.  
18 Notwithstanding any other provision of this Section, any  
19 payments made or salary increases given after June 30, 2014  
20 shall be used in assessing payment for any amount due under  
21 subsection (f) of this Section.

22 (i) The System shall prepare a report and file copies of  
23 the report with the Governor and the General Assembly by  
24 January 1, 2007 that contains all of the following information:

25 (1) The number of recalculations required by the  
26 changes made to this Section by Public Act 94-1057 for each

1 employer.

2 (2) The dollar amount by which each employer's  
3 contribution to the System was changed due to  
4 recalculations required by Public Act 94-1057.

5 (3) The total amount the System received from each  
6 employer as a result of the changes made to this Section by  
7 Public Act 94-4.

8 (4) The increase in the required State contribution  
9 resulting from the changes made to this Section by Public  
10 Act 94-1057.

11 (j) Notwithstanding this Act or any other law to the  
12 contrary, the Board must ensure that at least 19% of the  
13 proceeds received by the Board from any concession lease  
14 agreement of the Illinois Lottery as well as at least 19% of  
15 the proceeds from the issuance of general obligation bonds  
16 under the General Obligation Bond Act authorized by this  
17 amendatory Act of the 95th General Assembly are invested  
18 through qualified investment advisers who are a "minority owned  
19 business" or a "female owned business" as those terms are  
20 defined in the Business Enterprise for Minorities, Females, and  
21 Persons with Disabilities Act.

22 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,  
23 eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057, eff. 7-31-06;  
24 94-1111, eff. 2-27-07.)

25 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

1           Sec. 18-131. Financing; employer contributions.

2           (a) The State of Illinois shall make contributions to this  
3 System by appropriations of the amounts which, together with  
4 the contributions of participants, net earnings on  
5 investments, and other income, will meet the costs of  
6 maintaining and administering this System on a 90% funded basis  
7 in accordance with actuarial recommendations.

8           (b) The Board shall determine the amount of State  
9 contributions required for each fiscal year on the basis of the  
10 actuarial tables and other assumptions adopted by the Board and  
11 the prescribed rate of interest, using the formula in  
12 subsection (c).

13           (c) ~~The For State fiscal years 2011 through 2045, the~~  
14 ~~minimum contribution to the System to be made by the State for~~  
15 ~~each fiscal year shall be an amount determined by the System to~~  
16 ~~be sufficient to bring the total assets of the System up to 90%~~  
17 ~~of the total actuarial liabilities of the System by the end of~~  
18 ~~State fiscal year 2040 as 2045. In making these determinations,~~  
19 ~~the required State contribution shall be calculated each year~~  
20 ~~as a level percentage of payroll over the years remaining to~~  
21 ~~and including fiscal year 2045 and shall be determined under~~  
22 ~~the projected unit credit actuarial cost method.~~

23           ~~For State fiscal years 1996 through 2005, the State~~  
24 ~~contribution to the System, as a percentage of the applicable~~  
25 ~~employee payroll, shall be increased in equal annual increments~~  
26 ~~so that by State fiscal year 2011, the State is contributing at~~

1 ~~the rate required under this Section.~~

2 Notwithstanding any other provision of this Article, the  
3 total required State contribution for State fiscal year 2006 is  
4 \$29,189,400.

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for State fiscal year 2007 is  
7 \$35,236,800.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2008 is  
10 \$35,236,800 minus the sum of (i) the System's proportionate  
11 share of principal repayment due in State fiscal year 2008 for  
12 the bonds authorized by Public Act 93-2 and (ii) the System's  
13 proportionate share of principal and interest, if any, due in  
14 State fiscal year 2008 for the bonds authorized by this  
15 amendatory Act of the 95th General Assembly.

16 For each of State fiscal years 2009 ~~2008~~ through 2040 ~~2010~~,  
17 the State contribution to the System, ~~as a percentage of the~~  
18 ~~applicable employee payroll,~~ shall be increased in equal annual  
19 amounts ~~increments~~ from the required State contribution for the  
20 preceding State fiscal year ~~2007~~, so that by State fiscal year  
21 2040 ~~2011~~, the State is contributing at the rate otherwise  
22 required under this Section.

23 Beginning in State fiscal year 2046, the minimum State  
24 contribution for each fiscal year shall be the amount needed to  
25 maintain the total assets of the System at 90% of the total  
26 actuarial liabilities of the System.

1           Amounts received by the System pursuant to Section 25 of  
2 the Budget Stabilization Act in any fiscal year do not reduce  
3 and do not constitute payment of any portion of the minimum  
4 State contribution required under this Article in that fiscal  
5 year. Such amounts shall not reduce, and shall not be included  
6 in the calculation of, the required State contributions under  
7 this Article in any future year until the System has reached a  
8 funding ratio of at least 90%. A reference in this Article to  
9 the "required State contribution" or any substantially similar  
10 term does not include or apply to any amounts payable to the  
11 System under Section 25 of the Budget Stabilization Act.

12           Notwithstanding any other provision of this Section, the  
13 required State contribution for State fiscal year 2009 ~~2005 and~~  
14 ~~for fiscal year 2008~~ and each fiscal year thereafter, as  
15 calculated under this Section and certified under Section  
16 18-140, shall not exceed an amount equal to (i) the amount of  
17 the required State contribution that would have been calculated  
18 under this Section for that fiscal year if the System had not  
19 received any payments under subsection (d) of Section 7.2 of  
20 the General Obligation Bond Act, minus (ii) the portion of the  
21 State's total debt service payments for that fiscal year on the  
22 bonds issued for the purposes of that Section 7.2, as  
23 determined and certified by the Comptroller, that is the same  
24 as the System's portion of the total moneys distributed under  
25 subsection (d) of Section 7.2 of the General Obligation Bond  
26 Act. ~~In determining this maximum for State fiscal years 2008~~

1 ~~through 2010, however, the amount referred to in item (i) shall~~  
2 ~~be increased, as a percentage of the applicable employee~~  
3 ~~payroll, in equal increments calculated from the sum of the~~  
4 ~~required State contribution for State fiscal year 2007 plus the~~  
5 ~~applicable portion of the State's total debt service payments~~  
6 ~~for fiscal year 2007 on the bonds issued for the purposes of~~  
7 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~  
8 ~~State fiscal year 2011, the State is contributing at the rate~~  
9 ~~otherwise required under this Section.~~

10 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05; 94-839,  
11 eff. 6-6-06.)

12 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

13 Sec. 18-140. To certify required State contributions and  
14 submit vouchers.

15 (a) The Board shall certify to the Governor, on or before  
16 November 15 of each year, the amount of the required State  
17 contribution to the System for the following fiscal year. The  
18 certification shall include a copy of the actuarial  
19 recommendations upon which it is based.

20 On or before May 1, 2004, the Board shall recalculate and  
21 recertify to the Governor the amount of the required State  
22 contribution to the System for State fiscal year 2005, taking  
23 into account the amounts appropriated to and received by the  
24 System under subsection (d) of Section 7.2 of the General  
25 Obligation Bond Act.

1           On or before July 1, 2005, the Board shall recalculate and  
2           recertify to the Governor the amount of the required State  
3           contribution to the System for State fiscal year 2006, taking  
4           into account the changes in required State contributions made  
5           by this amendatory Act of the 94th General Assembly.

6           On or before July 1, 2007, the board shall recalculate and  
7           recertify to the Governor the amount of the required State  
8           contribution to the System for State fiscal year 2008, taking  
9           into account the changes in required contributions made by this  
10          amendatory Act of the 95th General Assembly.

11          (b) Beginning in State fiscal year 1996, on or as soon as  
12          possible after the 15th day of each month the Board shall  
13          submit vouchers for payment of State contributions to the  
14          System, in a total monthly amount of one-twelfth of the  
15          required annual State contribution certified under subsection  
16          (a). From the effective date of this amendatory Act of the 93rd  
17          General Assembly through June 30, 2004, the Board shall not  
18          submit vouchers for the remainder of fiscal year 2004 in excess  
19          of the fiscal year 2004 certified contribution amount  
20          determined under this Section after taking into consideration  
21          the transfer to the System under subsection (c) of Section  
22          6z-61 of the State Finance Act. These vouchers shall be paid by  
23          the State Comptroller and Treasurer by warrants drawn on the  
24          funds appropriated to the System for that fiscal year.

25          If in any month the amount remaining unexpended from all  
26          other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section  
2 8.12 of the State Finance Act and Section 1 of the State  
3 Pension Funds Continuing Appropriation Act) is less than the  
4 amount lawfully vouchered under this Section, the difference  
5 shall be paid from the General Revenue Fund under the  
6 continuing appropriation authority provided in Section 1.1 of  
7 the State Pension Funds Continuing Appropriation Act.

8 (c) Notwithstanding this Act or any other law to the  
9 contrary, the Board must ensure that at least 19% of the  
10 proceeds received by the Board from any concession lease  
11 agreement of the Illinois Lottery as well as at least 19% of  
12 the proceeds from the issuance of general obligation bonds  
13 under the General Obligation Bond Act authorized by this  
14 amendatory Act of the 95th General Assembly are invested  
15 through qualified investment advisers who are a "minority owned  
16 business" or a "female owned business" as those terms are  
17 defined in the Business Enterprise for Minorities, Females, and  
18 Persons with Disabilities Act.

19 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,  
20 eff. 6-1-05.)

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law."